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SUBJECT: BOSNIA: FEDERATION PRESIDENCY CONFIRMED; STATE
HOUSE OF PEOPLES STILL IN LIMBO

Classified By: DCM JUDITH B. CEFKIN, REASONS 1.4 (B) AND (D).

11. (SBU) At its February 21 session, the Federation House of Representatives confirmed the appointment of Borjana Kristo of the Croatian Democratic Union (HDZ-BiH) as Federation President and Spomenka Micic of the Party for BiH (SBiH) and Mirsad Kebo of the Party of Democratic Action (SDA) as Vice Presidents. On Thursday, the Federation House of Peoples confirmed the slate, thereby opening the door to naming the full Federation government. Nevertheless, the process of standing up the government is likely to be prolonged, given the continuing power struggle between the two main Croat parties, HDZ-BiH and HDZ-1990. There is no deadline to form the new government.

12. (C) The situation with respect to the constitution of the State House of Peoples remains unresolved. At the vote on February 22 in the Federation House of Peoples, last minute defections from key parties produced a surprise result on the both the Bosniak and Croat votes. On the Bosniak side, there were two competing slates -- one proposed by SBiH and the other by its coalition partner, SDA. The two parties failed to unify behind one slate because of SBiH President Haris Silajdzic's insistence on supporting the candidacy of Social Democratic Union (SDU) President Sejfidin Tokic (a virulent opponent of SDA President Sulejman Tihic and Silajdzic's chief attack dog during the constitutional reform debate last year). SDA successfully outmaneuvered SBiH, by having one of its delegates vote for the Social Democratic Party (SDP) HoP candidate (the main opposition party). As a result, the Bosniak lineup in the State House of Peoples will be four SDA delegates and one SDP delegate -- a far more favorable outcome than one lead by Tokic, as seemed likely in the weeks prior to the vote.

13. (C) The vote on the Croat delegation also featured a last minute surprise, with one of the members of the "Croatian Togetherness" coalition led by HDZ-1990 casting his vote for an HDZ-BiH candidate. As it stands, there will be two Croat delegates from HDZ-BiH, one from HDZ-1990 and one from the Croatian Party of Rights (HSP), which is also a member of the "Croat Togetherness" coalition. The vote for the final seat resulted in a tie, which will be broken by a drawing at the office of the Central Election Commission. The date of the drawing has yet to be announced, but likely will take place in the next week to ten days. The members of the "Croatian Togetherness" coalition were visibly upset by the outcome of the vote, having once again been outmaneuvered by their nemesis, Dragan Covic, President of HDZ-BiH.

14. (C) COMMENT: Although painfully slow, progress at last seems to have been made in forming a Federation government. Nevertheless, the coalition remains fragile. As it stands, the two HDZ parties still are holding up the creation of the Federation government because of a continuing inability to agree on the distribution of ministries. Meanwhile, the coalition between SDA and SBiH continues to show cracks -- the "surprise" support from SDA for the SDP State HoP candidate is the clearest proof to date that the alliance between SDA and SBiH is not rock solid. On balance, the lineup in the State House of Peoples is looking favorable for passage of legislation on key USG reform priorities, but if "Croat Togetherness" manages to snag the fifth Croat seat, that could mean an uphill struggle for passage of some key legislation, not least constitutional reform. END COMMENT.
MCELHANEY